merely one of the great credit institutions whose primacy today is largely the result of tradition and sentiment.

The salient points in the changed situation locally have been the growth of the joint stock banks; the practical loss of control over the discount market; and the relatively insignificant circulation of its banknotes.

M. S. WILDMAN.

Northwestern University.

The Canadian Banking System. By JOSEPH FRENCH JOHNSON. National Monetary Commission, Senate Doc., No. 583, 61 Cong., 2 Sess. (Washington. 1910. Pp. 185.)

In this monograph Professor Johnson has discharged the task imposed upon him by the National Monetary Commission in a fashion which compels praise. The book is a singularly luminous and searching description of banks and banking practices north of the Dominion border, illustrated here and there by a dip into recent history, augmented by an abundance of charts and tables, and enforced by judicious comparisons of methods and conditions south of the line. One after the other, there are discussed the essentials of the system, the methods of Canadian bank management, the make-up of the principal loans and discounts, the character of the deposits (two thirds of the chartered bank liabilities on this score being "savings" deposits bearing interest) and the constituents and quality of the liquid reserve. One chapter is devoted to the study of the broader aspects of the system's operation, the advantageous position of the older banks, the persistence of competition between the banks, the curiously even distribution of loanable capital and credit throughout the Dominion and the fluctuations in the volume of note issues outstanding. In another chapter, based on the experiences of 1907, is analyzed the movement of bank loans and reserves in time of stress, and in a third, are set forth divers criticisms, some favorable, some adverse, of the forms which, under late legislation and commercial development, the Canadian practice has assumed.

Of the many examples of felicitous exposition, none is more engaging, perhaps, than that in which the author shows how, under the Canadian plan of competitive note issue against general credit, with each competitor issuing at a number of offices, regular redemption of the notes affords a complete guarantee against a redundancy, and the self-interest of the issuers insures, automati-

cally, a constant adequacy of currency to the needs of trade. The character of Canadian bank assets, which he thinks is unusually high, is brought home to three main causes: the training and experience of Canadian bankers; the size and resources of the banks themselves, enabling them to insist that the borrower shall look to but one source for his loan, to enforce, in other words, the rule that a customer trade with but one bank; and to sundry provisions of the law, at once liberal and beneficial, whereby the banks are permitted to secure their advances by prior liens upon goods left in the custody of those who obtain the loans. From one view, Professor Johnson seems somewhat to have exaggerated the importance of this extension of the law of warehouse receipts to commodities in preparation for the market, in course of manufacture or awaiting sale. Certain it is, at any rate, that there are more acceptances and unsecured single name promises in Canadian bill books than one would infer from the author's treatment of this theme. Exception might be taken, also, to his failure to give due weight to the fact that in some transactions, easily recognized paper payable to bearer is the only acceptable form of payment, and that, therefore, it is not indifferent to some borrowers whether they get credit on the books of a bank, or the amount of their loan in notes. This oversight seems to have led to the assertion on page 61, contradicted, however, on page 94, that "deposits decline by as much as notes increase."

The analysis of Canadian reserves shows clearly how much greater—as a rule thrice that proportion—is the relation of their liquid assets to liabilities than the ten per cent or a little more which they commonly carry in coin and legal tender. It shows, too, that the banks' use of the New York call loan market is prompted primarily by the opportunity there of earning an interest upon what would otherwise be held in unproductive government notes and cash. The author is nearer in accord with the hostile critics of the system in his conclusion that the activity of branch banks, by draining them of their savings, has not helped to accelerate, and has possibly served to check, the growth of the longer settled communities of the east. The addition of earnings to rest or reserve fund (surplus in the United States) instead of to capital after the rest has reached a fair proportion to capital, is condemned as a fad likely to interfere with the best use of the privilege of issue. A deal of respect is shown to the current popular demand for some thorough-going inspection or audit of

the banks other than that now carried on from within, and a certain sympathy expressed for the "savings" depositor who gets, the country over, but three per cent on moneys entrusted to the banks.

R. M. BRECKENRIDGE.

Mexikos Übergang zur Goldwährung. Ein Beitrag zur Geschichte des Mexikanischen Geldwesens (1867-1906). By WERNER HEGEMANN. (Stuttgart und Berlin: J. G. Cotta'sche Buchhandlung Nachfolger. 1908. Pp. xii, 189. 4.50 m.)

This monograph by Dr. Hegemann is one of the Munich Economic Studies and was prepared in the Seminar of Professors Brentano and Lotz. It is a scholarly narrative of the monetary history of Mexico for the forty years ending with the recent establishment of the gold standard.

To the student of monetary problems the experience of Mexico is of particular interest, because Mexico has been for centuries the greatest silver producing country of the world[1] and because few, if any, coins have played as important a rôle in the world's monetary history as the Mexican dollar and its predecessor, the Spanish milled dollar (coined when Mexico was a Spanish colony). Added interest is given to the subject for Americans because of the close proximity of Mexico to the United States, of the important part which accounts of the silver standard in Mexico played in the recent bimetallic controversies in this country, and of the enormous investment of American capital in Mexican enterprises. All of these topics are discussed in Dr. Hegemann's monograph. Chapter II (pp. 19-44) gives an interesting sketch of the history of the Mexican dollar and its predecessors; chapter III a comprehensive account of silver mining in Mexico, including a discussion of the relations of the state to the industry, of the technical progress of the industry, and of the movement of commodity prices and of wages during the period of the great depreciation in the gold value of silver. Next follows a discussion of the investment of foreign capital in Mexico, its ups and downs, the evils of a fluctuating par of exchange with gold standard countries, the burdens imposed upon foreign capital, particularly that invested in railroads, by the fall in the gold price of silver, and the like burdens imposed upon the government treasury

[1] The production of silver in the United States in a few recent years exceeded that of Mexico.